

IN THE SENATE

SENATE BILL NO. 1021

BY LOCAL GOVERNMENT AND TAXATION COMMITTEE

AN ACT

RELATING TO TAXING DISTRICT BUDGETS; AMENDING SECTION 63-802, IDAHO CODE,
TO REVISE PROVISIONS REGARDING THE LIMITATION ON TAXING DISTRICT BUDGET
REQUESTS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 63-802, Idaho Code, be, and the same is hereby
amended to read as follows:

63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES --
EXCEPTIONS. (1) Except as otherwise provided in ~~subsections (3) and (4) of~~
this section, no taxing district shall certify a budget request for an amount
of property tax revenues to finance an annual budget that exceeds the ~~greater~~
~~of paragraphs (a) through (k) of this subsection, inclusive~~ amount permitted
under the provisions of this section:

(a) (i) The highest dollar amount of property taxes certified for
its annual budget for any one (1) of the three (3) tax years pre-
ceding the current tax year, whichever is greater, for the past tax
year, which amount may be increased by a; plus

(ii) A growth factor of represented by the change in consumer
price index, as defined in section 63-3024, Idaho Code. The
increase shall be calculated by multiplying the amount in subpara-
graph (i) of this paragraph by the percentage representing the
consumer price index for the tax year immediately preceding the
current tax year divided by the consumer price index for tax year
2019, as determined by the state tax commission, but not to exceed
three percent (3%); plus

(iii) ~~The amount of revenue calculated as described in this sub-~~
~~section. Multiply by multiplying~~ the levy of the previous year,
not including any levy described in subsection (4) of this sec-
tion, or any school district levy reduction resulting from a dis-
tribution of state funds pursuant to section 63-3638(11) or (13),
Idaho Code, by:

1. ~~The~~ value shown on the new construction roll compiled
pursuant to section 63-301A, Idaho Code; and by plus

2. ~~The~~ value of annexation during the previous calendar
year, as certified by the state tax commission for market
values of operating property of public utilities and by the
county assessor.

(iv) If the value shown on the new construction roll reflects less
than two percent (2%) growth in the taxing district's budget, the
taxing district may choose either an increase permitted by sub-
paragraphs (i), (ii), and (iii) of this paragraph or up to a three
percent (3%) increase.

1 (v) Notwithstanding any other provision of this section, the to-
2 tal maximum increase permitted under paragraphs (a) and (e) of
3 this subsection shall not exceed four percent (4%) without voter
4 approval pursuant to subsection (3) of this section or paragraph
5 (h) of this subsection.

6 (b) The dollar amount of property taxes certified for its annual budget
7 during the last year in which a levy was made ~~may be substituted for the~~
8 amount in paragraph (a) (i) of this subsection if no levy has been made by
9 the taxing district for three (3) years.

10 (c) The dollar amount of the actual budget request ~~may be substituted~~
11 for the amount in paragraph (a) of this subsection if the taxing dis-
12 trict is newly created, except as may be provided in paragraph (i) of
13 this subsection ~~.~~.

14 (d) ~~In the case of~~ This section shall not apply to school districts,
15 which are governed by the restriction imposed in section 33-802, Idaho
16 Code.

17 (e) In the case of a nonschool district for which less than the maximum
18 allowable increase in the dollar amount of property taxes is certified
19 for annual budget purposes in any one (1) year, such a district may,
20 in any following year, recover the forgone increase by certifying, in
21 addition to any increase otherwise allowed, an amount not to exceed one
22 hundred percent (100%) of the increase originally forgone. Provided
23 however, that prior to budgeting any forgone increase, the district
24 must provide notice of its intent to do so, hold a public hearing, which
25 may be in conjunction with its annual budget hearing, and certify by
26 resolution the amount of forgone increase to be budgeted and the spe-
27 cific purpose for which the forgone increase is being budgeted. Upon
28 adoption of the resolution, the clerk of the district shall file a copy
29 of the resolution with the county clerk and the state tax commission.
30 Said additional amount shall be included in future calculations for
31 increases as allowed ~~.~~.

32 (f) If a taxing district elects to budget less than the maximum allow-
33 able increase in the dollar amount of property taxes, the taxing dis-
34 trict may reserve the right to recover all or any portion of that year's
35 forgone increase in a subsequent year by adoption of a resolution spec-
36 ifying the dollar amount of property taxes being reserved. Otherwise,
37 that year's forgone increase may not be recovered under paragraph (e) of
38 this subsection. The district must provide notice of its intent to do
39 so and hold a public hearing, which may be in conjunction with its an-
40 nual budget hearing if applicable. The resolution to reserve the right
41 to recover the forgone increase for that year shall be adopted at the an-
42 nual budget hearing of the taxing district if the district has a budget
43 hearing requirement ~~.~~.

44 (g) In the case of cities, if the immediately preceding year's levy
45 subject to the limitation provided by this section is less than 0.004,
46 the city may increase its budget by an amount not to exceed the differ-
47 ence between 0.004 and actual prior year's levy multiplied by the prior
48 year's market value for assessment purposes. The additional amount
49 must be approved by sixty percent (60%) of the voters voting on the ques-
50 tion at an election called for that purpose and held on the date in May or

1 November provided by law and may be included in the annual budget of the
2 city for purposes of this section.

3 (h) A taxing district may submit to the electors within the district
4 the question of whether the budget from property tax revenues may be
5 increased beyond the amount authorized in this section, but not beyond
6 the levy authorized by statute. The additional amount must be approved
7 by sixty-six and two-thirds percent (66 2/3%) or more of the voters
8 voting on the question at an election called for that purpose and held
9 on the May or November dates provided by section 34-106, Idaho Code.
10 If approved by the required minimum sixty-six and two-thirds percent
11 (66 2/3%) of the voters voting at the election, the new budget amount
12 shall be the base budget for the purposes of this section.

13 (i) When a nonschool district consolidates with another nonschool
14 district or dissolves and a new district performing similar governmen-
15 tal functions as the dissolved district forms with the same boundaries
16 within three (3) years, the maximum amount of a budget of the district
17 from property tax revenues shall not be greater than the sum of the
18 amounts that would have been authorized by this section for the district
19 itself or for the districts that were consolidated or dissolved and in-
20 corporated into a new district.

21 ~~(j) In the instance or case of~~ This section shall not apply to cooper-
22 ative service agencies, which are governed by the restrictions imposed
23 in sections 33-315 through 33-318, Idaho Code.

24 (k) The amount of money received in the twelve (12) months immediately
25 preceding June 30 of the current tax year as a result of distributions of
26 the tax provided in section 63-3502B(2), Idaho Code, may be substituted
27 for the amount set forth in paragraph (a) (i) of this subsection.

28 (2) In the case of fire districts, during the year immediately follow-
29 ing the election of a public utility or public utilities to consent to be pro-
30 vided fire protection pursuant to section 31-1425, Idaho Code, the maximum
31 amount of property tax revenues permitted in subsection (1) of this section
32 may be increased by an amount equal to the current year's taxable value of the
33 consenting public utility or public utilities multiplied by that portion of
34 the prior year's levy subject to the limitation provided by subsection (1) of
35 this section.

36 (3) No board of county commissioners shall set a levy, nor shall the
37 state tax commission approve a levy for annual budget purposes, which ex-
38 ceeds the limitation imposed in subsection (1) of this section unless au-
39 thority to exceed such limitation has been approved by a majority of the tax-
40 ing district's electors voting on the question at an election called for that
41 purpose and held pursuant to section 34-106, Idaho Code, provided however,
42 that such voter approval shall be for a period of not to exceed two (2) years.

43 (4) The amount of property tax revenues to finance an annual budget does
44 not include revenues from nonproperty tax sources and does not include rev-
45 enue from levies for the payment of judicially confirmed obligations pur-
46 suant to sections 63-1315 and 63-1316, Idaho Code, and revenue from levies
47 that are voter-approved for bonds, override levies or supplemental levies,
48 plant facilities reserve fund levies, school emergency fund levies or for
49 levies applicable to newly annexed property or for levies applicable to new
50 construction as evidenced by the value of property subject to the occupancy

1 tax pursuant to section 63-317, Idaho Code, for the preceding tax year. The
2 amount of property tax revenues to finance an annual budget does not include
3 any property taxes that were collected and refunded on property that is ex-
4 empt from taxation, pursuant to section 63-1305C, Idaho Code.

5 (5) The amount of property tax revenues to finance an annual budget
6 shall include moneys received as recovery of property tax for a revoked pro-
7 visional property tax exemption under section 63-1305C, Idaho Code.